THE ROLE OF EXTERNAL ASSISTANCE IN THE ECONOMIC DEVELOPMENT AND PLANNING OF THAILAND: TORQUES AND TENSIONS IN THE AMERICAN AID PROGRAM

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FOREWORD

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1. INTRODUCTION

The security of Thailand, and by extension that of the United States, in its broadest dimensions has been the motivation for American economic and military support to the Thai Government. This general mutuality of commitment, reflected in the continuity of U.S. assistance, masks differences in the perception of the degree of the external threat and the internal means to meet it. In spite of considerable apprehension about U.S. troops in Thailand during the 1970s and perceptions of how the U.S. viewed its role in Asia, the relationship can overall be characterized as close and supportive. This overall harmony, however, belies several internal twists and stresses in the nature and role of American economic aid to Thailand. It raises some fundamental issues in the relationship of economic and military aid to each other and to Thai political power and continuity, as well as for the nature of economic development activities under perceived needs for enhanced external and internal security.

The relatively constant U.S. foreign policy support for Thailand is in stark contrast to the changing, almost mecurial, magnitude of the American effort in both military and economic terms. The United States, which first began assistance in 1950 and was at that time the premier foreign economic and sole military supporter of the Thai Government, has now become so small an element in concessional assistance -- both as a percentage of such aid and as a proportion of Thai GDP -- that its contribution is fiscally infinitesimal, even if it has potential programmatic significance. Indeed, a major shift of policy direction in the U.S. aid effort in the past year has occurred [see Section 9] and reflects joint Thai-US recognition of the disparity between the importance of the US-Thai security and foreign policy relationship and the relative insignificance of recent U.S. economic funding levels. This shift in policy direction is, in essence, an attempt to bridge this gap, reflecting by innovative programming what is lacking in fiscal support.

2. CONCEPTUAL AND PERCEPTUAL PROBLEMS AND PARADIGMS

A continuous foreign assistance program lasting almost two generations presents inherent problems of analysis. longitudinal data, which in this case are abundant, are the delight of social scientists, but such enthusiasm is tempered by the problems of torques and shifts in policy and program emphasis, creating difficulties of investigation.

Time is thus the first of several prisms through which this assistance program must be filtered, and one that can distort perceptions of program efficacy and complicate evaluations. There are also differences in the lenses through which aid effort must be viewed. Not only are there internal temporal tensions within the program, but the American perception, even when it is coherent and represents a unified approach among diverse U.S. agencies, (a consummation less often achieved than might be expected) may be quite different from the Thai view, which again may be heterogeneous. In both cases, the perceptions of the putative beneficiaries of such assistance may be at some variance from those of both the donor and recipient governments. Although the macro-economic results are clear and variously documented, the donor role in general, and that of the U.S. in particular, is less well formulated.

This essay is also written from an American perspective, and thus must await Thai analysis of how U.S. priorities reflected or influenced the Thai programming and budgetary processes. Many of its conclusions, in addition, must be tentative, for although there have been a number of internal and external evaluations of individual projects and programs, there has not been a concerted effort in over a decade to examine the totality of the program in terms of the various (changing) objectives of both donor and recipient and, within each of these categories, the varying institutional goals of the participating organizations. The topic of foreign aid is important, not only because of what it might teach about the donor and recipient, but because it might also be a paradigm illuminating the nature of the development process and thus of use to other nations and generally to the donor community.

This paper must thus be limited in scope. Logically it should be the conclusion to a comprehensive analysis of the U.S. aid program; instead it is the introduction, an initial part of a planned effort to comprehend in its entirety the efficacy of three and a half decades of assistance. It is, in effect, an essay on the difficulty of determining a single methodological means to explore the issue of the efficacy of a foreign assistance program. Therefore it cannot deal with the effectiveness of the program as a whole, nor with its individual components, the study of both of which must await further work. In the exigencies of time, thus, the desirable last chapter of a total evaluation of a country program has become the first, with all the intellectual dangers inherent in that inversion.

The prisms through which such a program might be analyzed are as diverse as there are institutional foci or ideological

perspectives. It would be traditional in AID to analyze U.S. economic support by individual projects or by sector, such as agriculture or health. These approaches are bureaucratic equivalents of dynastic history, setting forth a chronological record that is useful but not sufficient to understand the dynamics of societal change. Budget categories have their place, but they cannot substitute for a more vibrant classification that could enable one better to extrapolate from the Thai experience for possible application elsewhere.

Among a diverse group of potential approaches to analysis are several that have varying degrees of credibility. Thai development and foreign assistance may be viewed through the prism of dependency theory, or through a Marxist analysis, as has been attempted.{1} A more revealing approach uses the Weberian model of patrimonial societies.{2} Thai development and foreign aid might be seen as a product of private sector activities, dualistic economies, or ethnic entrepreneurship. It could be considered as sui generis or a product of an inherently unequal relationship.{3}

This paper takes no ideological stance. It endeavors neither to prove efficacy nor to denegrate. To stimulate study of developmental dynamics, it will instead concentrate on five diverse tensions between what on first reflection may seem to be dichotomous extremes of U.S. program emphasis. These torques, which skewed the use of relatively scarce financial and manpower resources, both of the U.S. and Thai, into certain directions had profound effects on the results of the program. The appropriateness of these foci may be questioned, for the evidence is not yet in. These emphases, however, are evident in any review of the documentation. How well they withstand scrutiny as the most effective method for program review should be the subject for further analysis.

Furthermore, thought should also be given to those avenues left untravelled. If it is valid to assert that the provision of foreign assistance is a positive effort, then by conscious omission, the denial of such assistance to certain fields for whatever motivation is as well often the result of a positive decision even if it is an overlooked element in aid planning.{4}

These five apparent tensions to be examined are those between: 1) security and development orientations; 2) support to the center and the periphery (in effect, urban and rural); 3) assistance to the elite and the poor; 4) the role of the public and private sectors; and 5) the need for strengthening administrative institutional capacity and the issue of bureaucratic change.

None of these seemingly separate issues, as will be demonstrated, is clear and distinct; each set has ramifications for the other sets. Indeed each set may be considered to some degree another manifestation or reincarnation of the others and part of the overarching issue (because of the focus of the program) of the tension between security and development. So,

too, security and development are not necessarily antithetical, nor are they two ends of a single spectrum. The interpretation of each has changed over time, and they may in fact be complementary under certain circumstances. In addition, both new objective conditions in Thailand and earlier programs have affected later activities.

This analysis of the Thai program is so formulated because of its relevance to AID policy at some point in the program. Each element of each set reflects some policy stress at some junction in the U.S. rationale for assistance: security, integration of remote regions, the rural poor, the elite, the private sector, and institution building and so forth. Thus this focus may make the study more germane to contemporary U.S. policy issues outside of Thailand. It is not argued that these are the most intellectually germane of categories; it is asserted, however, that they offer more hope for actionable analysis than many other approaches.

The magnitude of U.S. foreign economic assistance, which was subject to internal vicissitudes along a general downward slope, is one of but a number of tensions internal to the program itself. These tensions resulted from shifting Thai and U.S. foreign policy and security interests in the region and in Thailand, internal requirements within the Thai economy and polity, and various permutations of worldwide U.S. foreign assistance policy. There has been continuity of U.S. commitment, but cylical shifts in program emphasis and levels for diverse reasons.

In a spatial sense, the American aid program as outlined could be envisaged as two major concentric circles, with security interests at the core, and developmental considerations emanating centrifugally from it. This second concentric circle, itself divided into two concentric circles, has in its inner element the four components most closely connected with a security focus: public sector, elite, center, and strengthened institutional capacity. The outer rim contains the other components of the program: the private sector, the poor, the periphery, and the capacity for institutional change. There is tension between elements of all of these circles. (See Figure1.)

This paper will raise many issues that cannot be explored in the present context, but that yet cannot be continuously ignored. Of primary importance is military aid. The contribution of military assistance to economic development is a problem that should not be overlooked in a variety of countries, especially in Thailand with its history of military leadership. It has political, policy, and economic ramifications. Critics have argued:

Insert FIGURE 1

Politically, it appears that military aid tends to improve the political position and capacity of the national army

> to the point that it becomes an independent source of political strength. By strengthening the military capabilities, U.S. military aid produced an internal disequilibrium among the political forces contending for domestic power.{5}

Its influence on the key actors who formulate economic policy may have been as important as the magnitude of assistance or the fungibility of foreign economic and military aid. The economic contribution (or dislocation) caused by some 50,000 U.S. troops in Thailand at the height of involvement in the Vietnam War and the operation of the air bases no doubt had a variety of economic impacts, some of which are beyond the scope of this paper, but should be essayed in any attempt to provide an overall analysis of the U.S. economic role in Thailand. Estimates on military-related spending in the Thai economy for FY66-69 were $670 million,{6} and $450 million for base and logistic construction alone from 1950 to 1975.{7} An AID-sponsored study noted:

> In the 1960's, however, the sizable trade deficit was comfortably cushioned by high service and transfer balances associated with the American presence in Indochina.... Their loss, even more than the trade balance deficit, contributed to the growth of current account deficits. (The service balance was 4.9 percent of GDP in 1969, 0.5% in 1976.){8}

It has also been argued that such military spending, thus easy foreign exchange generation, reduced the incentives for exporting, thus retarding economic growth.{9}

Support by the U.S. government through AID or predecessor agencies but separate from the Thai mission are excluded from figures used here, as are Peace Corps contributions, the private activities of the Ford, Rockefeller, Asia, and Fulbright Foundations, a variety of private and voluntary agencies, and refugee assistance.{10} These were often significant in programmatic content (especially in training) and in the aggregate. The critical issues of trade and investment are the subject of separate papers, and so will be omitted as well, although analytically their inclusion would be desirable.

First, however, it is important to consider the changing magnitude of the U.S. effort in Thailand, for such funding levels may have influenced policy and programs as well as Thai perceptions of the U.S. commitment to Thailand.

3. CHANGING MAGNITUDES OF AMERICAN ASSISTANCE

American military and economic assistance to Thailand had its genesis in the aftermath of the communist takeover in China in 1949, and in the spread of internal communist insurrections in the same period in Burma, Malaya, and the Philippines. In response to this problem, the Allen Griffin Mission was

dispatched to Asia in 1950 and made recommendations for economic assistance to Thailand under the Point Four program. On March 31, 1950 President Truman authorized $10 million in military assistance to Thailand under the unexpended China Aid Act of 1948,{11} and on September 19, 1950, the Thai-American Economic Accord was signed, which was the basis on which future economic support was provided.

Since that time, the United States has supplied some $874 million in economic aid through U.S. fiscal year 1983, of which $23 million was PL 480.{12} In contrast, U.S. military assistance only through 1969 totalled some $808.6 million; during that period it averaged 60.4 percent of the total Thai military budget. In one year -- 1953 -- it was 257 percent of that budget.{13} Cumulatively, through 1985 military assistance reached almost $2 billion.{14}

Foreign assistance overall has fluctuated almost annually as a percentage both of GDP and of total government expenditures. It has ranged from 0.3 percent of GDP (all US) and 2.6 percent of government expenditures in 1951, to 3.4 percent of a vastly increased GDP and 22.4 percent of total government expenditures in 1962.{15} In the two decades between 1950 and 1970, Thailand received $615.7 million in foreign loans, of which the World Bank (56.3 percent) was the largest donor, and the United States ($97.6 million, 5.9 percent) the largest bilateral supporter. On the other hand, technical assistance (grants) from the United States for the same two decades were $403.6 million, or 78.2 percent of all grants.{16} Thus, in total support during that period, the American contribution was paramount.

In the recent past, the sources of ODA (official development assistance, i.e., concessional or grant aid), the amounts, and the volume of commercial credits have dramatically shifted. In FY83, ODA was the major source of external capital (19 percent) and accounted for $1.2 billion (in loans, plus $160 million in grants) of the Thai Government's development budget of $3.1 billion, while commercial flows totalled some $305 million. Of the total ODA, the World Bank provided 38 percent, Japan 33 percent, the Asian Development Bank 18 percent, and the United States through AID 2.7 percent (1.6 percent of loans, 10.1 percent of grants). By 1983, Japan had overtaken the United States in grants as well as loans.{17}

The present (FY85) AID program in Thailand totals some $21.5 million, of which one-fifth is for anti-narcotics activities. This small (in comparative perspective) amount stands in contrast to the mutual treaty obligations of the United States and Thailand, Thailand's position as an ASEAN "front-line" state, and the paramount concern of the non-Indochina nations of the region with the Thai-Cambodian border crisis.

These modest resources, when contrasted with continuing political and security concerns in the region, have prompted a reassessment of further support to the traditional US-sponsored

activities in Thailand, such as assistance in agriculture, health, family planning, and (earlier) development or public administration (see Section 9). In a sense, strategy reformulation has inspired new programs, but has also been reactive to U.S. fiscal reality and Thai macro-economic needs, which have markedly changed.

Although this is not the proper forum in which to recount the remarkable growth of the Thai economy since 1950, which in any case has been well documented,{18} it would be remiss not to mention the overall growth rates, averaging about 8 percent per annum until the late 1970s, that have irrevocably changed Thailand. Until the oil crises, the foreign exchange resources of the Thai Government were so strong that there was recurrent pressure from the Congress to phase out the aid program, for it was considered unnecessary. The Kennedy administration in the early 1960s was looking for "success stories" of foreign aid, and at that time (and again in the mid-1970s) Thailand's successes economically were to be a model, and there was discussion of "graduation." In the first instance, the program was soon after expanded on security grounds.

4. THE TENSION BETWEEN SECURITY AND DEVELOPMENT

Security considerations have been paramount in the inception, continuation, and composition of the U.S. aid program in Thailand, although the foci have sometimes shifted over time -- from regional, to internal, to international. They have been prompted by such fears as invasion from the People's Republic of China, regional security after the French defeat at Dien Bien Fu, deterioration of conditions in Laos, the incipient and then active communist insurgency in Thailand, Thailand as a base for action in the Vietnamese War, the international trade in narcotics, and the Vietnamese invasion of Cambodia. At their most naive, they have been justified by the "domino theory";{19} at a sophisticated level, they have attempted to help the Thai authorities establish productive sovereignty over their periphery.

These various goals under the security rubric have been articulated consistently since the early period of the program, and seem to represent both executive and legislative branch concerns. In 1963, for example, U.S. policy was described as follows:

> The basic U.S. objectives to be served by the A.I.D. program are (1) to increase Thailand's capability to defend its independence against communist subversion and insurgency, (2) to assist Thai efforts to alleviate, especially in security sensitive areas, the economic and social conditions which impair the nation's internal security, and (3) to assist Thai efforts toward long-range social, political, and economic development until an adequate rate of self-sustaining growth has been achieved. Thailand

provides the most important secure base for major U.S military operations on the mainland of Southeast Asia; it is essential to maintain U.S. access to that area.{20}

The General Accounting Office, reporting to the Congress in 1961, indicated that after 1954 assistance was "designed to promote Thailand's economic growth and to strengthen its military and internal security forces."{21} In June 1961, AID determined that supporting assistance would end and Thailand would move to a development loan program. There was a shift in program emphasis shortly thereafter, however, and a concentration on counter-insurgency efforts with a large program expansion. "The most plausible explanation for the rapid increase in aid is that it represented a form of rent for American use of the air bases in conjunction with the Vietnam War." Although this was denied by Ambassador Martin at the time, "The circumstantial evidence to the contrary, however, is impressive,"{22} even if it was an informal understanding, perhaps a quid pro quo for their use.

In 1967, an evaluation of the AID program stated, "It is identified with the suppression of insurgency and the elimination of subversion and with the institutional changes which these necessitate."{23}

In 1968, the Senate indicated, "in view of the fact that Thailand now has almost $1 billion in foreign reserves, U.S. efforts should be directed towards the insurgency. General economic development is within the capacity and capability of the Thais."{24}

AID estimated in 1969 that 75 percent of the program in Thailand was for counter-insurgency activities, and 68 percent of it was physically in the security-sensitive provinces of the northeast and the north.{25} In 1973, the AID mission Director could characterize the program as of two types: "security with development aspects," and "development with security aspects." He felt that 54 percent of the program was primarily security.{26}

It was not only the assistance program that was security oriented, but "...the critical conclusion of this study [is] that, since 1954, American policy toward Thailand has been determined primarily by security considerations."{27}

The distinction between development and security is in some instances arbitrary, a matter of emphasis and conceptualization, and indeed there is considerable room for debate over the relationship between internal stability and developmental progress. It is evident that both are necessary for economic growth, and emphasis on one aspect will no doubt have an effect on the other. Since the program was justified to the Congress as one focused on security, it is likely that there was a certain amount of security "salesmanship" in project documentation, a phenomenon known to be widespread at any point when policies change and projects must be approved. It may also be

that Thai officials interested in development used their own security "salesmanship" to get developmental projects approved under security auspices.

Although AID and predecessor agencies viewed themselves and were viewed as essentially developmentally oriented (even if in some cases program purposes were related to security), and military assistance was administered by a different department, in the earlier period at least the already indistinct line distinguishing military from economic assistance became further blurred as economic funds were used for obvious military purposes. Aviation fuel storage depots ($1.7 million) were built, improvements made to a naval base ($1.2 million), and there were even purchases of uniforms and field equipment ($1.1 million).{28}

More importantly, however, were the major projects that were aimed at improving government control and security over the more remote, poorer regions that might be or were subject to insurgency. These included support in the early period to the Thai Border Patrol Police, who were in charge of the frontiers, and later to the police in provincial areas. The former program totalled some $6 million, but the latter, until AID under legislation in the 1970s was no longer allowed to provide "public safety" support, was $77.2 million ($59.2 million during 1967-1972, or 27.6 percent of U.S. grant assistance).{29} Over 11 percent of participant trainees for the two decades ending in 1971 came from the civil police.{30} It should be noted that Thailand was by no means unique in such programs, which were widespread throughout the world. Asserting Thai sovereignty over border or insecure areas often seemed to have mixed results, with corruption or oppression by police or other central government officials undercutting the purposes of the programs.

Support for road construction was justified in terms of security as well. The "Friendship Highway" to the northeast was a major security link to which AID provided over $20 million, and which opened up a large section of the nation to easy communications with the capital, and to economic development of the region as well. The East-West highway ($14.6 million) through north-central Thailand was designed to provide the country with its first good lateral communications in that area of the nation. Other major highways were also constructed and still more surveyed. There is a widespread view that highways are better avenues of economic development than railroads,{31} although AID did support the construction of the Udorn-Nongkai rail line ($1.3 million, improving links to Laos) and some rolling stock. Both academic and more impressionistic observations have convincingly demonstrated that these highways had important economic consequences in spite of the primary security motivation for their construction.

A major security effort supported by AID was that of the Accelerated Rural Development program (ARD), on which $63.6 million dollars was spent for this innovative program of rural

feeder roads and potable village water systems for the security areas of the northeast and north, with some additional work in the south.{32} Designed to integrate regions both remote and ethnically diverse with the central authorities and allow the government to exert control over the areas, it was established to avoid programming with a rigid and ineffective Ministry of Highways. The results were economically beneficial over the longer term.

ARD was not without its critics, both within the Thai bureaucracy and among foreign observers. It was described as "an ambitious direct action, paternalistic, government-service program, frankly aimed at winning friends for the existing political order,"{33} and one that delivered to the villages what the central government thought they needed, rather than what the villagers may have wished.

The formation of the ARD program, however, raises the generic question of whether and under what conditions it may be wise for foreign aid organizations to assist in the establishment of new institutions whose functions specifically are designed to bypass existing ones, thereby, perhaps, further weakening line agencies. This is a developmental variant of the classic question of whether shorter term exigencies should have priority over longer range issues.

Closely related to the internal security program was the early regional communications project of $18.1 million (of which $14.1 was in foreign exchange), which was designed to link Thailand with Vietnam and Laos. Support was also provided for improvements in Thai Airways and in landing facilities, which were originally intended as post-strike landing strips for possible B-47 bombing raids on mainland China that emanated from Guam.{34}

To what degree can an assertion be made that security programming did have a positive economic impact, at least in the case of rural infrastructure? If that response is generally positive, would such projects have been pursued without security motivation, to what degree, and would appropriate services together with supportive Thai rural development policies and budgets have been in place or provided? Did the effort build economically unnecessary or irrelevant roads, for example, or could these funds have been better used for other types of projects? Did the predilections or experience of the donor staff in effect dictate the type of program (were roads, for example, easier to conceptualize or build than supporting rural health centers)? These issues may be explored in the further evaluative work to be undertaken by AID and the Thai Government. Although the answers may not now be attainable, it is already evident from other studies{35} that without such infrastructure the best rural development programs often go awry.

5. CENTER AND PERIPHERY

The Thai frontiers were stabilized after British and French colonialism had run its course in the region. Yet the concept of discrete, defined boundaries was new to Southeast Asia. The state was defined by its capital, the magical center of the universe of power, and the number of people under its control, and not by lateral power extending equally to the periphery.{36} These peripheral regions, which had at various periods been subject to the suzerainty of other states, were only titularly incorporated into the Kingdom of Siam, for most of the peoples were different from the ethnic Thai of the central plain. The Northeast was inhabited by the Lao-speaking linguistic cousins of the Thai and ethnic Khmer, and the far North by hill tribes driven south by the communist takeover in China and unrest in the Shan States of Burma and by retreating Chinese Nationalist forces. Ethnic Karen tribes lived on the eastern frontier and Malay speaking Muslims in the South. Thailand was far from a homogeneous society.

One objective of the security and development program of the United States was the integration of the outlying regions under central Thai control -- in fact, the establishment of the physical attributes of Thai sovereignty over these regions, for they were not only ethnically and linguistically distinct, but physically isolated with Thai Government presence only in the towns. The administrator of AID in 1963 articulated this strategy:

> (1) Help Thailand to increase its national unity, by strengthening the political ties of remote areas and minority groups with the Thai nation, and improving the capability of the Thai Security Forces to reach areas of particular sensitivity and to identify and counter potential insurgency problems. (2) Assist the Thai Government to accelerate rural development in the Northeast and other areas of vulnerability, through positive measures to increase agricultural productivity and income, to stimulate an active self-reliant village development effort, and to raise the standards of rural health.{37}

The security and sovereignty issues were thus very closely intertwined; indeed, they were inseparable. The focus on the Northeast, the largest, most isolated, and most exposed of the major peripheral areas, was significant because it was the site of most of the airbases that were used by the United States, as well as the seat of the early organizing for a communist insurgency and later armed insurrection.

Not only did the United States contribute to the construction of major highways in and to the region, and village access roads, the latter under the Accelerated Rural Development Program, but to the support of Border Patrol and provincial police as well. Other projects also were part of this effort to provide central government access to these distant regions. These included a remote area security program ($6.7 million), a mobile

unit development program ($5.7 million, the nucleus of which was the National Security Command), and a community development effort for isolated areas ($3.9 million). Other projects such as irrigation were centered in that area. In the 1960s, AID agreed to fund the construction of 854 police stations, of which 499 were to be in the Northeast.{38} There were also programs to train local government officials and to improve the efficiency of local administration.

These and other foreign-supported efforts were designed to deliver services, such as malaria control ($18 million), and to compensate for a lack of Thai interest or capacity at that time in such activities. The programs not only provided needed facilities and demonstrated government concern, but they also served to strengthen most of the central institutions of the Thai Government, much as military assistance did for the armed forces. Indeed, it has been argued that Bangkok benefited most from foreign loans (24.18 percent), but also from national projects, such as electricity generation.{39}

Where such institutions were deemed too weak to deliver immediately the type of local projects that were thought necessary to demonstrate central Thai sovereignty over the periphery and to give the center access to that region, new institutions were created. The Accelerated Rural Development office was one such critical institution.

In addition to improving the programmatic aspects and agencies of the central government, other national functions were supported, such as central planning and review mechanisms, the budgeting process, development administration, and the civil service. There was also an attempt to improve the efficiency of local government, but these projects may have increased their efficacy without strengthening their autonomy.

The result of the AID program, then, was to dilute markedly a tendency toward centralization in a bureaucratic atmosphere that was already widely noted for the automony and selfreliance of central government institutions. The short-term effects were generally positive, and although individual projects may have fallen short of some of their objectives, overall these activities, together with general improvement in the economy and greater mobility to partake of it, did improve both the security and well-being of the peoples of these regions.

Charles Keyes has argued (personal communication) that American aid prompted the introduction of more central government personnel into the countryside. "In turn, these Thai officials asserted central government dominance more often and in a greater number of ways, thereby actually stimulating a growth of ethnic and ethnoregional movements, increasing ethnic consciousness. The commitment to Thailand was never in serious doubt among most groups, except the Malay south and some of the hill tribes."

The vicissitudes of overall U.S. foreign assistance

policy, however, have sometimes created problems in Thailand because of sudden shifts in policy emphases, conflicting components of legislation that contains exceedingly heterogeneous elements, and simply because of the successes of earlier efforts.

The passage of the Foreign Assistance Act of 1973, focusing attention on the rural poor, would seem to have reaffirmed earlier AID efforts in peripheral Thailand, since the Northeast was the poorest region of the country. The Act also called for more local participation, related to activities under Title IX of the earlier legislation, which had been a major concern of the previous AID administration. The present AID policies, which stress decentralization and local autonomy together with a diminution of central government authority, in essence continued the earlier policy emphasis, often ignored in practice, on local decision-making.

Thus, for the first two decades of U.S. foreign assistance in Thailand, efforts were made to build up centralized authority and power, while in the past decade attempts have been underway to diminish that power (at least as it relates to economic activities) and decentralize authority.

AID is not monolithic, and soon the stress between centralized and decentralized administration became apparent, with one report noting:

> There are occasional references in USOM [now USAID] documents and conferences to "our policy of promoting decentralization." It is urged that USOM and Embassy clarify the concept and intentions. The evaluators suggest that "decentralization" should not be interpreted or risk interpretation as delegation of significant powers to provinces or districts. It is unlikely that Thai officials envision any such departure from the present unitary system during the next few developmental years. Meaningful villager participation in development and effective coordination of activities at the provincial level and below will be a large and adequate achievement.{40}

In spite of the now proverbial, but often debated, description of Thailand as a "loosely structured social system,"{41} bureaucratic decentralization seemed unlikely. The problem of foreign assistance in this context, where donor and recipient have somewhat divergent views of project purposes and each pursued its apparent predilection, is nowhere more dramatically illustrated than in a current AID-supported project, which in the English version was designed to encourage decentralization. In the Thai documentation, however, the objective was stated to improve local administrative efficiency. This may indicate profoundly difficult cultural con- ceptualizations of the issue.

It can cogently be argued that this attempted shift in emphasis to more local authority over time was responsive to

changing objective conditions in Thailand, and that a balance is required between central authority and local initiative. Although this is evident, the earlier successes in strengthening the center now call into question the possibility that in the near term its power can be significantly diminished.

There are those who would argue, however, that this center-periphery dichotomy essentially evades the real issue: the continued functioning of a patrimonial system in which foreign aid allows the government "the opportunity to escalate services beyond local capacity without unduly dislocating the existing patrimonial economic system . . . ."{42} Local government, it was claimed, was "periphery authority subordinated completely to national direction and interest."{43} It was in effect deconcentration of central power, not decentralization to the periphery, and on terms solely determined by the center.

How much the flowering of political action following the student revolution in 1973 may have changed this analysis for that period or thereafter is a question for further study. The development of representative government and local constituencies since that period may both have created new and powerful pressures for decentralization that should be measured. The concept of providing real authority to outlying regions, however, has been a reoccuring theme of foreign aid organizations over the past decade.

If Thailand has moved to incorporate its physical perimeters, it has also attempted to do so on its social periphery: the important Chinese minority, a large portion of which is concentrated in Bangkok.

Early AID efforts to assist the private sector came in a period when there were considerable doubts in the Thai bureaucratic community over the political intentions of many of the resident Chinese, and when few Chinese, who in the past had permeated the business community and provided much of the enterpreneurial talent, worked in close consort with the Thai authorities.

Although AID did not attempt to work directly with the Chinese community (The Asia Foundation, however, did), and it is doubtful that the Thai Government would have approved if in fact this had been suggested, early efforts to assist the private sector ($2.8 million) in Thailand probably benefited that group most. In fact, the gradual integration of Chinese entrepreneurial activities and the Thai bureaucratic culture has proven of benefit to both groups, with the result that it has strengthened the center in the process.

Urban and rural contacts are an aspect of center and periphery relations. Urban in the Thai context essentially means the metropolitan Bangkok area, perhaps the world's primate city par excellence. Few projects were formulated to help the Bangkok region, already the richest area of the nation and

one in which security was not deemed a particular problem, although there was one on urban planning, and some early electrical generation projects provided power for the Bangkok grid.

There is a natural tendency for resident foreign assistance programs to be centered on and resident in the capital, thus strengthening the center, for however much funds are to be allocated to rural areas, negotiating, planning, and much administration take place at the nexus of government power. In Thailand, as in many countries, visibility, promotions, and power in the civil service and in the private sector, as well as the most desirable educational opportunities, are often located at the center. It is not surprising that an early evaluation of the participant training program indicated that 97 percent of the trainees were resident in Bangkok at the time of their selection.

Rural in the U.S. foreign assistance context in Thailand meant primarily the poorest area of Thailand, the Northeast, which was also the greatest security problem, and then the North. More modest efforts were devoted to the East and to the South. Rural wealth, however, is in large part located on the central plain, the irrigated rice bowl of the nation. Aside from programs that included this region as a matter of national geographic coverage, the area was ignored.

These priorities were reflected in the physical distribution of AID personnel when the program was near its height. In 1969, out of a total U.S. staff of 372, 273 were in Bangkok, 60 in the Northeast, 24 in the North, 7 in the South, and only 6 in the Central Region.{44} The central plain, by far the wealthiest rural region, ethnically Thai, and physically integrated into the country, needed the least amount of assistance.

The problem of attracting the most competent and motivated staff to serve in rural areas, when the psychic and monetary rewards were in the capital, was a major deterrent to rural progress and impeded a number of AID projects. When incompetent staff were so assigned, progress may have been thwarted or even reversed. Conversely, the employment opportunities in Bangkok siphoned off adventurous talent from the rural areas, especially the Northeast with one-third of the national population, so that agricultural labor shortages did sometimes occur where there had been traditional surpluses. In some sense, the Middle Eastern labor market employing some 300,000 Thai is intensifying this trend.

The incorporation of the periphery under state control, of course, had its reverse, expected effect: not only did it give government access to those areas, it enabled the population of those regions to leave and seek urban opportunities on a permanent or temporary basis, exacerbating the problems -- economic, social and political -- of Bangkok. Few countries have been able to balance deftly urban migration and creation of employment opportunities in those areas.

US assistance in agriculture was sometimes national in scope, such as in training, seed production, and research, but insofar as location-specific infrastructure and other projects were supported, such as those in irrigation and dry-land agriculture, they were concentrated in the Northeast (with the exception of anti-narcotics activities, which are in the north), and still remain so, for even if the insurgency has faded, that region is still the poorest area of the nation.

In some sense the formation of military bases near market towns in the Northeast created entrepreneurial and employment opportunities, albeit often of the unsavory kind, but the growth of these cities attracted other capital, so that many of these market towns have continued to expand even with the closure of bases. The entrepreneurial talent given vent in those areas is a widespread phenomenon in a variety of countries where U.S. bases exist.{45}

The new strategy of AID, discussed below, is not articulated to mitigate the problems of rural and urban income disparities, and any modest program such as that proposed will probably overall be neutral on the issue, attempting to support both rural and urban activities.

6. ELITE AND POOR

A foreign aid agency faces the tension between helping the masses, those impoverished rural poor susceptible to the appeals of an anti-establishment emeute or insurrection, and working for them through a government not historically prone to share or divest itself of power. This remains an unresolved dilemma, vitiating the attainment of many of the goals of the program, and is especially acute if under foreign assistance legislation the beneficiaries are to be the rural masses of poor.

The year that the legislation focusing AID programs on the poor came into effect, the Mission Director could write:

> It is a known fact, disputed only in degree because of the inadequacy of the information available, that during those twenty-three years [of U.S. assistance to Thailand] the poorest segment of the population has benefited least from all those expenditures.{46}

Yet it is evident that much was done on behalf and in the name of the poor, as well as the state, and that Thai planning documents from the beginning noted the need for strong action to assist the poor. Yet as late as 1979, the assessment of the provincial development program, designed to assist the poor, noted that in the first year the benefits to the poor were restricted, that rural people's participation was "minimal and ill-defined," and that there was no significant increase in participation by the rural population, although there was improvement at the provincial government level.{47}

The natural tendency for bureaucracies to retain power is in part explicable by applying the concept of limited power, that is, power delegated is power diminished, to the Thai scene.{48} The rigidity of Thai bureaucratic institutions has been well documented,{49} but the strengthening of such institutions so that they are capable autonomously of dealing with development issues requires the training of those with sufficient backgrounds to use effectively such skills, induced either through in-country programs or abroad. In the Thai context, it is not surprising that such training probably has reinforced the existing social and regional distortions in the country. In spite of a number of detailed evaluations of participant training programs and internal educational efforts, we have little information on the socioeconomic backgrounds of those trained, and their class or place of origin. The assumption was made that these trainees were from the wealthy families, and that that type of investment was required for Thailand's future development.{50} There are massive materials on the efficacy of the training itself and the preparations for it, as well as the uses to which it was put, but on sociocultural issues little seems to be known, as these questions probably did not seem germane at the time.

AID has, however, attempted to impart skills more consonant with the needs of artisans and farmers through various in-country training projects and activities. Without further evidence, however, it would be premature at this stage to attempt to gauge whether a balance has been maintained, and the degree to which such programs provided both social and economic mobility.

It is evident that AID has affected an extremely large percentage of the elite bureaucratic structure in Thailand in a variety of fields. Not only have key institutions been strengthened and expanded, but the number of individuals assisted has been vast. "The United States has provided foreign training experience to one in every four of more than 26,000 officials in the four highest classes of the civil service up to March 1974. In the top 'special grade,' two-thirds of officials under age 56 had foreign graduate degrees (mostly from the United States)." An additional 14,000 military personnel were trained.{51}

There is no question but that there has been a substantial reduction in the percentage of those living below the poverty line, however defined, in Thailand. The degree to which this was a product of foreign assistance, economic planning, wise policies, or a general non-specific improvement in the economy overall is still a matter of speculation and awaits further study.

As a general phenomenon, rapid economic growth, such as Thailand has experienced, is usually accompanied by widening income disparities, although beginning from a higher base. This may be the situation in Thailand, and some of these

growing inequities may be attributed to U.S. (and other foreign) aid and capital flows, for such funds are programmed through the central government, and private economic benefits accrue to the capital and to the wealthy as well as to the ultimate (poor) beneficiaries to whom programs are directed.

Although foreign assistance evaluations normally provide evidence of economic change, they usually do not deal with issues of both social and economic mobility, a surrogate perhaps for attempting to measure hope in a society. Although such endeavors are difficult to quantify, the issues are sufficiently important and should be essayed in any overall analysis of Thai development.

7. PUBLIC AND PRIVATE

The recent stress in the U.S. foreign aid program on private sector activities has called into question in some circles earlier programs that placed emphasis on the public sector. In fact, the present, albeit stronger, activity in support of a wide variety of private sector projects should not obscure the fact that this interest, long embedded in foreign aid legislation, is a recurring emphasis, although one now more strongly postulated.

AID has in the past in Thailand supported the development of both the indigenous private sector and foreign investment. AID's activities included a separate private sector initiative ($2.8 million), technical assistance to the Board of Investment, as well as Cooley loans for joint ventures between U.S. and Thai firms or U.S. subsidiaries in Thailand.

Although the vibrancy of the private sector is recognized by many observers of Thailand, there was in the earlier period of AID's efforts considerable scepticism about both the effectiveness of past efforts and the future. One observer noted, "The overall record, then [of USOM assistance to the private sector], remains somewhat dismal."{52} Another writer, in a minority opinion, commented:

> ...the Americans should not exaggerate the advantages of a free enterprise system...its use in Thailand at the present time will not lead to an equitable and just distribution of the new wealth that will come from economic advancement. As in the past it will merely increase instead of decrease the economic and social gap between the wealthy and lower income groups.{53}

More attention, however, was given to the issue of the Chinese entrepreneurial talent. Riggs felt that Thai could not effectively compete in cost terms with Chinese businesses,{54} and noted with extreme scepticism what he regarded as the overly optimistic following comments of the IBRD planning team in the late 1950s:

> Some Thai leaders have a very real fear that an indiscriminate policy of encouraging industry might lead to dangerous predominance of the Chinese community in this field. The problem is a difficult one. It is clearly desirable to encourage greater participation in industry on the part of Thais. At the same time, any attempt to do so by excluding Chinese from the benefit of Government help is unlikely to produce the economic results which Government industrial policy should aim to achieve. Thailand has been very successful in the past in the assimilation of Chinese into the Thai community, and the most hopeful solution of the problem would appear to lie in encouraging the acceleration of the process.{55}

It is evident that in the earlier period of the AID program in Thailand, the mutual suspicions between the Thai bureaucratic and social elite and the Chinese entrepreneurial community were exacerbated by fears in the Thai bureaucracy that the Chinese in Thailand would be used to help subvert the regime. Although the Chinese community was better integrated into Thai society at that time than in any other state in Southeast Asia, as the World Bank noted above, it was, at least at that time, as one writer put it, "differential assimilation."{56}

During that period, therefore, most efforts in the private sector would probably have increased the economic advantage of the Chinese community, strengthening antipathies between the two groups, or expanded the role of foreign investment. unfortunately, the AID project records that are available fail to provide information on the ethnicity of those involved in earlier efforts.

Today, however, what may have been the "overly optimistic" recommendations of the IBRD have turned out to be more nearly accurate than the dire predictions of Riggs. The relationships between the two communities have changed, and indeed there is a degree of integration that promises great advantages for the development of Thailand. There is now at least in part a symbiotic association between the two groups, even reflected within the same family, with greater assimilation among younger members; by the next generation discussion of "two groups" may reflect only residual interests. The time has never been so propitious in Thailand for private sector activities that will redound to the benefit of both groups.

The role of the Chinese community in private sector activities in Thailand should not obscure more general, and indeed controversal, views of the genesis of and stress on private economic forces and Thai growth. The Marxist interpretation stresses that foreign aid and foreign capital have been the two critical elements in limiting Thai ability to "rationalize,"{57} and attributes the private sector stress to World Bank activity (backed by the United States) during the 1957-1958 mission that produced a report recommending that 150 state enterprises be dismantled to stimulate the private sector. The report "was as

important in its impact on Thailand's political-economic development as the Bowring Treaty of the mid 1800s."{58}

Although most western economic specialists writing on Thailand view Thai development and the private sector positively, some argue that the intimate personal ties between government officials and private industry that are well known, and under Thai law are quite legal, make this public-private dichotomy false.

Under the patrimonial paradigm, the very distinction between public and private sector is also considered irrelevant:

> Hence, all enterprises, with the exception of those which are exempt because they provide the fiscal and national defense base of Thai society, must react subtantively to universally valid patrimonial goals. In this interpretation, the old chestnut of whether the public or private sector offers the better prospect for economic development has little relevance, let alone meaning in patrimonial societies (least of all in the Thai patrimonial society).{59}

Another approach that casts doubt on traditional thinking about the public-private dichotomy is that related to issues of confrontation and ethnicity in commerce in societies that put a high premium on non-confrontational social relations. In Thailand the role of the Mons or the Chinese might be partially explained in the traditional period, or in non-westernized settings, by this phenomenon.{60} The issue is one that is worthy of more exploration.

The issue of public and private sector in Thailand warrants both further study and a willingness to look beyond traditional sectoral analysis to determine the dynamics of Thai growth and economic success.

8. ADMINISTRATIVE CHANGE AND CONTINUITY

The continuity of the Thai bureaucratic tradition and its strong cultural roots, as many observers have noted,{61} have made administration and its reform a rather special issue among developing countries. Much of the academic literature on the subject in English, now almost two decades old, is subject to revision. With the reorientation of the AID program from public (or development) administration as a whole to a concentration on problem-oriented issues, such as decentralization or provincial development, there seems to have been less theoretical analysis of administrative characteristics.

AID's contribution to the process included three general categories of support: training (both abroad and in Thailand), the strengthening or creation of institutions that delivered

services, and assistance to the centralized support and planning functions of the government.

The first category, in addition to participant training abroad, included work with the police, academic public administration at Thammasat University, and training for provincial officials. The second encompassed support to improving the operations of a variety of development agencies and academic institutions that provide the staff for those agencies. The third, less obvious but important, included the strengthening of such critical Thai organizations as the Bureau of the Budget, the National Economic and Social Development Board, the Civil Service Commission, and various elements of the planning agencies.

By strengthening the central administration to deal more effectively with development problems, AID increased the already considerable power of the center (albeit by attempting to work with progressive forces), reinforcing traditional bureaucratic values already strongly entrenched, even while it was attempting to change such values. It is not possible here to evaluate the effects of such assistance, and whether the institutions so assisted function along the lines that the donors anticipated, or whether they are "pseudomorphic,"{62} seemingly similar but functioning differently. It is probably safe to assume that such support enabled those organizations to increase their efficacy within the Thai bureaucratic context, but perhaps in ways that the donor did not imagine.

Thailand has had a long history of autonomous, important modern administrative institutions, in contrast to the newly independent states of the region. It is likely, therefore, that increasing the effectiveness of these institutions was much easier than beginning anew in societies without this long, royally sanctioned tradition.

The attribution of change to the influence or support of any one or a number of donors must await study by the Thai academic and bureaucratic community itself, for these were and are where such decisions must be made. Funding levels themselves are not necessarily indicative of what has been called "leverage" in either policy or programmatic change. "The Royal Thai Government has recently demonstrated its willingness to reject external assistance if an alternative course appears better to serve its interests. Thailand seems to be unusual among developing countries in its relative lack of preoccupation with the level of aid."{63} In fact it is claimed that the Thai "minimize[d] the importance of advice while maximizing total accounts of aid," and put up with some assistance to receive others.{64}

One author doubted that it was objectively possible to judge how much economic planning contributed to growth, but, he noted, "at least it is not claiming too much to say that considerable wastes have been prevented through planning."{65} AID's role in policy formulation is also unclear. "It is not

possible to establish direct links between past AID activities and the development of Thai Government economic policies, but there is no question that AID programs have contributed substantially to Thai economic development."{66} Further study jointly by the Thai and foreign development community is required before the effectiveness of these issues can be assessed.

9. THE REORIENTATION OF THE US STRATEGY

The recognition of the continuing mutual US-Thai security interests together with the history of an association that had been built over the years, as well as the development of a more mature relationship between the nations, prompted a reconsideration of the traditional foreign assistance program with Thailand. With excellent economic growth over the past two decades, Thailand was beginning to be classified as a "emerging middle income" state, with per capita GNP of $790. As such, it would become more difficult for the U.S. to provide grant assistance (which naturally the Thai Government wanted for various types of activities), especially technical assistance, and loans would have to be less concessional.

At the same time, financial stringency was causing the U.S. to reduce its aid in many nations in the light of perceived security problems elsewhere that required more support. The problem from a U.S. vantagepoint was how to demonstrate U.S. concern for Thai growth and a continuing commitment to that nation, do it within reasonable (again, from an American perspective) financial limits, and contribute something that the U.S. was uniquely capable of providing.

Thailand at the same time had two major economic problems that were of continuing concern. Although it had sponsored an eminently successful family planning program and had virtually cut the birth rate in half, entrants into the labor market were still seeking, and would for at least a decade continue to seek, employment at the earlier rate. With the reaching of the arable land frontier under present financial and technological constraints, there were too few new rural employment opportunities available. Bangkok seemed incapable of absorbing gainfully many more migrants, and the safety valve of Middle East employment might at any time be shut off and had to be considered ephemeral.

Thailand was also facing difficulties in exports. The value of its primary exporting commodities, such as rice, tin, rubber, sugar, and cassava, had dropped on the international market, and Thailand had little value-added in its export produce. Unless Thailand could increase its non-traditional exports or significantly increase the volume, quality, and sophistication of its historical exports, Thailand could continue to face severe foreign exchange difficulties as import costs continue to rise.

Concurrent with the signing of a treaty on science and technology between Thailand and the United States in 1984, AID and the Thai Government worked out a new strategy for developmental assistance, one that would focus on two of Thailand's major problems -- rural employment and value-added in exports -- and would at the same time draw upon the policy initiative in the private sector in the United States while working with the now more closely meshed Sino-Thai private sector community.

A three-pronged strategy was articulated and approved. Since there were certain to be unanticipated problems in Thai development, a fund was created to allow the United States to respond to these issues through provision of technical assistance or funds to enable the Thai Government to address these problems. A second approach, currently in process of project formulation, was to assist the creation of agro-business industries in rural areas to absorb rural entrants into the labor force, and provide more value-added for Thai exports. The third approach is to sponsor a major effort in industrial science and technology research, building research capacity and utilization for use by the Thai private sector. The focus of such industrial research would be on export-oriented industries.

The concept is to provide assistance where the United States has something special to offer. It is appealing, but it met with some resistance within the AID bureaucracy because it is untraditional in approach, in fact depriving some American technical specialists of the possibility of employment in Thailand with AID.

The approval of the strategy is probably the most major developmental conceptual change since the United States first provided assistance to Thailand in 1950. It will take dedication and flexibility on the part of both Thai and Americans to make it work, for each in their own way are bound by their own sets of conventions. It is the most promising opportunity yet afforded the United States to assist Thailand in developmental activities not constrained by issues of security.

10. UNANSWERED QUESTIONS

This short essay set out a series of issues, but did not attempt to answer them. It dealt with twists and tensions inherent in the U.S. foreign assistance program, but must, within the time and material available, leave more detailed analysis to later. It has, in addition, not been able to raise a broad range of related issues that should be explored in any credible effort. These include the role of other donors in the process, the actual effects on intended beneficiaries, and the all- important (yet often impossible of resolution) issue of attribution of results. Many other problems remain to be explored. Whose priorities were paramount (if either were), donor or recipient? Is it in fact possible to deal with

economic planning and development separate from military assistance in the Thai case? How did assistance affect the Thai budget{67} and Thai politics; conversely, how did Thai politics influence the aid program? Did the United States contribute something that other donors could not have done? Did the U.S. enable results to occur commensurate with the level of support?

These and many more issues must await a country study, a joint effort by both Thai and Americans to determine what the lessons are for future relations between the two nations, as well as what this experience teaches us about the development process.

FOOTNOTES

NOTE: I would like to thank participants at the conference for their thoughtful comments on an earlier draft of this paper. Laurence Stifel was especially helpful. In addition, the detailed comments of the Professor Charles Keyes of the University of Washington were provocative and helpful, and many of his ideas were incorporated into the paper. I wish to thank my colleagues in evaluation in AID for their helpful critiques of the earliest draft.

1. Grit Permtanjit, "Political Economy of Dependant Capitalist Development: Study on the Limits of the Capacity of the State to Rationalize in Thailand". Unpublished Ph.D. dissertation, University of Pennsylvania, 1981.

2. Norman Jacobs, Modernization without Development. Thailand as an Asian Case Study, New York: Praeger Publishers, 1971. In this work, "modernization" is viewed as economic progress within the overall socio-economic structure and bounds of the society; "development" is the realization of the society's potential without reference to such limits.

3. W. Scott Thompson, Unequal Partners. Philippine and Thai Relations with the United States, 1965-1975, Lexington: Lexington Books, 1975.

4. See Permtanjit, op. cit., p 87, who refers to "strategic non-lending" in which efforts were made to avoid competition with private capital. Whatever the merits of his particular reference, the general point that under scarcity of resources, assistance to a certain field is a type of "developmental triage" is valid in terms of what is omitted. See David I. Steinberg, Irrigation and AID's Experience. A Consideration Based on Evaluations, Washington, D.C.: AID Program Evaluation Report No. 8, August 1983.

5. Nongnuth Kimanonth, "The U.S. Foreign Aid Factor in Thai Development, 1950-1975. In Hans H. Indorf, ed., Thai-American Relations in Contemporary Affairs, Singapore: Executive Publications, 1982.

6. "Financial Resources and Priorities in Thailand 1967-70." U.S. Embassy Thailand, A-1000, April 9, 1968.

7. John L. S. Girling, Thailand Society and Politics, Ithaca: Cornell University Press, 1981, p. 96. He calculated defense and security spending at B. 35.4 billion (approximately $1.77 billion) over the same period. J. Alexander Caldwell estimated that $1,059 million was for construction services in the 1965-70 period, and that in 1965-1967 one-half of monetary growth of GDP was due to the U.S. military (the National Economic Development Board estimated one-eighth), and without U.S. military spending, in 1971 the GDP might have been 10 percent lower. (American Economic Aid to Thailand, Lexington Mass: Lexington Books, 1974, Chapter 3.) Hermann Hatzfeldt, in an unpublished paper, "The Impact of U.S. Military Expenditures on the Thai Economy" (Bangkok: The Ford Foundation, December 1968) estimates B. 20 billion (US $ 1 billion) in effect on the Thai economy during 1965-1967, or slightly less than two-thirds the increase in GDP during that time. See also "The Impact of U.S. Military Expenditures on Thailand's Balance of Payments," Department of Economic Research, Bank of Thailand, June 13, 1969. For a good study of the overall issue of military and economic assistance and interests, see R. Sean Randolph, "Diplomacy and National Interest: Thai-American Security Cooperation in the Vietnam Era," Unpublished Ph.D dissertation, Fletcher School of Law and Diplomacy, April 1978.

8. "Thailand: An Economy in Transition. Evaluation of the Private Sector." AID-commissioned paper for the Office of Evaluation. October 1982. (unpublished).

9. See Thompson, op. cit. "Thailand lost the incentive to export, the military spending partly replaced the growing export sector, rather than adding to it" p.128.

10. In addition to the AID mission, previously called USOM, U.S. foreign assistance was provided through the Regional Economic Development Office in Bangkok, which funded projects such as the Mekong Committee (UN), the Asian Institute of Technology (also in Bangkok), and other regional institutions contributing to Thai development. AID also centrally funds from Washington, through American institutions, a variety of research projects that have field components. There are, in addition, activities of the U.S. Department of Agriculture that are developmental, The Export-Import Bank, the Peace Corps, and relief and refugee work through private and voluntary organizations and directly as well. This support does not include U.S. assistance to the multilateral developmental organizations. Statistics are further complicated by different methods of calculation; e.g. obligations as opposed to disbursements, different fiscal years, concessional flows ignoring or capturing loan repayments, etc.

11. Laurence G. Pickering, "The Background to Thailand's

Decision to join SEATO," Foreign Service Institute and the University of California, June 1, 1960 (mimeographed). The Griffing mission visited Thailand April 4-12, after that authorization. $10 million was also supplied to the French in Indochina. See Randolph, op. cit., pp 23, 27-29.

12. AID Thai Desk figures.

13. W. Lee Baldwin and W. David Maxwell, eds., The Role of Foreign Financial Assistance to Thailand in the 1980s, Lexington, Mass.: Lexington Books, 1975, p. 24.

14. See Table 6. The figures of U.S. military assistance to Thailand vary considerably depending on the sources.

15. Baldwin and Maxwell, op. cit., p. 23.

16. Ibid., pp. 26-27.

17. USAID/Thailand, Country Development Strategy Statement FY 1987, Bangkok, January 1984.

18. For detailed studies, see various World Bank reports, such as Thailand Toward a Development Strategy of Full Participation, March 1980. Academic studies lag by at least two-years behind IBRD documentation. For a bibliography of English language studies, of the Thai economy to the period of publication, see Eliezer B. Ayal, ed., The Study of Thailand: Analyses of Knowledge, Approaches, and Prospects in Anthropology, Art History, Economics, History, and Political Science. Athens, Ohio: Ohio University Center for International Studies. Papers in International Studies, Southeast Asia Series No. 54, 1978. "Economic Studies of Thailand" by David Feeny.

19. NSC/64 of February 27, 1950 [quoted in Randolph op. cit, p.24] noted that Thailand Burma "could be expected" to fall under communist domination if Indochina were controlled by a communist regime.

20. Agency for International Development Long Range Assistance Study for Thailand, July 1963. (Secret, subsequently declassified).

21. Examination of the Economic and Technical Assistance Program for Thailand. International Cooperation Administration, Department of State. Fiscal Years 1955-1960. Report to the Congress of the United States by the Comptroller General of the United States, August 1961. p.76.

22. Caldwell, op. cit.

23. "Evaluation of A.I.D. in Thailand." A.I.D. Operations Evaluation Staff, May 1, 1967. (Confidential, subsequently declassified).

TABLE 1

TOTAL TECHNICAL ASSISTANCE TO THAILAND BY SOURCE AND TYPE
(US$000)

SOURCE	TYPE	EXPERTS	FELLOWSHIPS	EQUIPMENT	OTHERS	GRANT	TOTAL	DISTRIBUTION
1967-1971	AID	71,258.6	14,596.8	112,091.6	-	-	197,947.0	70.6
	UN	12,301.5	3,031.3	6,799.9	1,934.4	-	24,067.1	8.5
	C.P.	9,530.5	7,506.1	11,956.4	-	-	28,993.0	10.3
	T.C.	9,273.6	7,509.8	4,187.6	-	-	20,971.0	7.5
	VOLUNTEERS	8,588.6	-	-	-	-	8,588.6	3.1
	TOTAL	110,952.8	32,644.0	135,035.5	1,934.4	-	280,566.7	100
	%	39.7	11.6	48.0	0.7	-	100	
1972-1976	AID	23,157.7	8,758.1	27,977.8	1,466.9	-	61,360.5	35.4
	UN	16,350.2	5,422.4	12,888.7	2,070.8	-	36,732.1	21.2
	C.P.	14,565.9	4,585.1	12,858.5	-	-	32,009.5	18.4
	T.C.	14,564.0	10,555.6	3,991.7	5,474.8	-	34,586.1	20.0
	VOULUNTEERS	8,728.4	-	-	-	-	8,728.4	5.0
	TOTAL	77,366.2	29,321.2	57,716.7	9,012.5	-	173,416.6	100.0
	%	44.6	16.9	33.3	5.2	100		
1977-1981	USA	9,641.9	3,944.9	10,663.7	45,574.7	-	69,825.2	13.9
	UN	20,994.1	10,022.8	27,991.9	14,812.8	-	73,821.6	14.6
	C.P.	40,993.5	10,147.4	46,265.9	-	150,742.6	248,149.4	49.2
	ASEAN	-	129.0	-	-	-	129.0	-
	T.C. & NGO	14,118.1	13,037.2	6,367.8	1,746.8	27,391.3	62,661.2	12.4
	EEC	-	-	-	-	40,637.5	40,637.5	8.1
	VOLUNTEERS	9,102.7	-	66.0	-	-	9,168.7	1.8
	TOTAL	94,850.3	37,281.3	91,355.3	62,134.3	218,771.4	504,392.6	100
	%	18.8	7.4	18.1	12.3	43.4	100	

TABLE 1

SOURCE	TYPE	EXPERTS	FELLOWSHIPS	EQUIPMENT	OTHERS	GRANT	TOTAL	DISTRIBUTION
1982-1983	USA	2,303.2	178.7	1,517.3	28,643.5	-	32,642.9	10.8
	UN	7,453.2	3,865.9	3,663.1	10,940.1	-	25,922.3	8.6
	C.P.	29,225.5	7,543.2	31,961.7	-	104,369.5	173,099.9	57.4
	ASEAN	-	75.9	-	-	-	75.9	-
	T.C.	4,749.8	4,376.9	1,231.0	-	23,787	34,144.7	11.3
	NGO	2,719.2	1,228.7	894.7	2,457.5	-	7,300.1	2.4
	EEC	-	-	-	-	22,878.3	22,878.3	7.6
	VOLUNTEERS	5,640.6	-	192.6	-	-	5,833.2	1.9
	TOTAL	52,091.5	17,269.3	39,460.6	42,041.1	151,034.8	301,897.3	100
	%	17.3	5.7	13.1	13.9	50.0	100	

Source: DTEC, Royal Thai Government

TABLE 2

TECHNICAL ASSISTANCE BY SECTOR AND SOURCE, 1967-1971

SECTOR	UNITED STATES AMOUNT	(%)	UNITED NATIONS AMOUNT	(%)	COLOMBO PLAN AMOUNT	(%)	THIRD COUNTRIES AMOUNT	(%)	VOLUNTEERS AMOUNT	(%)	TOTAL AMOUNT	(%)
Agriculture	15,881.8	8.0	5,466.6	22.7	4,511.1	15.6	4,425.5	21.1	56.4	0.7	30,341.4	18.8
Industry	2,633.5	1.3	3,969.5	16.5	374.3	1.3	1,093.3	5.2	1.3		8,071.9	2.9
Power			688.9	2.9	376.2	1.3	104.7	5.0	20.6	0.2	2,132.7	0.8
Communication	2,376.6	1.2	1,753.9	7.3	10,853.3	37.4	276.9	1.3			15,270.7	5.4
Health	20,159.3	10.2	5,737.5	23.8	2,015.3	6.9	1,057.8	5.1	2,451.5	28.6	31,421.4	11.2
Education	13,160.5	6.7	4,334.6	18.0	6,169.9	21.3	9,728.1	46.4	5,053.0	58.8	38,446.1	13.7
Community and Social Development	54,910.3	27.7	1,316.7	5.5	1,802.5	6.2	1,220.1	5.8	693.1	8.1	59,941.4	21.4
Administration	4,099.4	2.1	289.3	1.2	1,081.5	3.7	1,637.3	7.8	36.5	0.4	7,144.0	2.6
Public Safety	54,420.6	27.5									54,420.6	19.4
Unclassified	30,305.2	15.3	500	2.1	1,810.2	6.3	485.1	2.3	276.1	3.2	33,376.6	11.8
TOTAL	197,947.0	100	24,067.1	100	28,993	100	20,971.1	100	8,588.6	100	280,566.8	100

TABLE 2

TECHNICAL ASSISTANCE BY SECTOR AND SOURCE, 1972-1976
(Thousand U.S. Dollars)

SECTOR	UNITED STATES AMOUNT	(%)	UNITED NATIONS AMOUNT	(%)	COLOMBO PLAN AMOUNT	(%)	THIRD COUNTRIES AMOUNT	(%)	VOLUNTEERS AMOUNT	(%)	TOTAL AMOUNT	(%)
Agriculture	8,261.0	13.4	9,518.4	25.9	7,097.5	22.2	5,912.5	17.1	373.2	4.3	31,162.6	18.0
Industry	730.5	1.2	3,994	10.9	267.9	0.8	541.2	1.6	41.4	0.5	5,575.0	3.2
Power			97.3	0.3	822.9	2.6	1,085.2	3.1			2,005.4	1.2
Communication			2,005.9	5.5	10,977.6	34.3	489.5	1.4	6.7	0.1	13,479.7	7.8
Health	12,403.1	20.1	9,006.2	24.5	2,159.7	6.7	1,082.3	3.1	542.4	6.2	25,193.7	14.5
Education	1,108.8	1.8	7,791.6	21.2	6,214.9	19.4	20,217	58.5	6,887.9	78.9	42,220.2	24.3
Community and Social Development	3,879.4	6.3	3,056.0	8.3	2,671.9	8.4	2,102.7	6.1	349.2	4.0	12,059.2	6.9
Rural Development	4,599.3	7.6									4,599.3	2.7
Administration	9,824.3	16.0	1,190.1	3.2	1,700.1	5.3	2,108.8	6.1	297.6	3.4	15,120.9	8.7
Public Safety	10,905.1	17.8									10,905.1	6.3
Services					14.9	0.1	12.2				27.1	
Unclassified	9,649	15.7	72.6	0.2	92.1	0.2	1,034.7	3.0	230.0	2.6	11,068.4	6.4
TOTAL	61,360.5		36,732.1	100	32,009.5	100	34,586.1	100	8,728.4	100	173,416.6	100

Source: DTEC, Royal Thai Government

TABLE 3

TECHNICAL ASSISTANCE TO THAILAND BY YEAR AND SOURCE, 1951-1982
(Thousand U.S. Dollars)

YEAR	U.S.	U.N.	COLOMBO PLAN	ASEAN	OTHER COUNTRIES	EEC	VOLUNTEERS	TOTAL
1951-1960	115,488	N/A	4,142[a]		718[b]		N/A	120,348
1961	6,890	1,871	2,265		460		2	11,488
1962	12,577	3,102	3,503		607		408	20,197
1963	17,333	1,925	3,734		684		786	24,462
1964	12,686	3,163	3,251		713		512	20,325
1965	18,600	3,114	2,968		1,425		868	26,975
1966	44,457	3,190	4,423		2,234		1,007	55,311
1967	56,639	4,384	5,542		3,885		1,329	71,779
1968	50,328	4,215	4,475		3,350		1,438	63,805
1969	37,872	4,565	3,932		3,279		1,876	51,524
1970	30,725	5,369	6,721		4,660		2,284	49,759
1971	22,383.2	5,534.4	8,324.5		5,795.8		1,661.8	43,699.7
1972	16,440.6	6,540	5,260		4,999.7		1,637	34,877.3
1973	12,487.3	6,723.3	5,290.5		4,929.5		1,758.5	31,189.1
1974	13,117.8	7,266.1	6,338.5		7,766.8		2,003.4	36,492.6
1975	6,390.6	8,869.3	7,425.9		7,732.5		2,052.5	32,470.8
1976	12,924.2	7,333.4	7,694.7		9,157.6		1,277.1	38,387.0
1977	9,090.5	9,681.5	19,308.4		6,035.7		1,107.4	45,223.5
1978	4,797.4	10,777.6	37,056.6	21.6	5,231.9		1,956.6	59,841.7
1979	13,431.9	14,745.2	45,887.3	36.9	6,204.1		2,015.4	82,320.8
1980	22,250.9	18,103.5	57,914.7	33.2	19,567.1	21,400	2,195.7	141,465.1
1981	20,254.5	20,513.8	87,982.4	37.3	25,622.4	19,237.5	1,893.6	175,541.5
1982	16,287.2	12,650.2	88,837.9	33.5	25,001.4	15,400	2,684.2	160,894.4
TOTAL	573,451.1	161,636.3	422,276.4	162.5	150,059.5	56,037.5	32,753.2	1,398,376.5
%	41	11.0	30.3		10.7	4	2.4	

Source: DTEC, Royal Thai Government

TABLE 4

FOREIGN ASSISTANCE
(Million Baht)

YEAR	GDP CURRENT PRICES (a)	GDP CONSTANT 1972 PRICE (c)	TOTAL GOVERNMENT EXPENDITURE (c)	TOTAL FOREIGN AID (d)	% (d) of (c)
1971	144,607	157,088	27,167.6	917.7	3.38
1972	164,626	164,626	28,823.1	725.4	2.52
1973	216,543	180,146	32,481.4	646.7	1.99
1974	271,368	189,950	36,181.5	759.0	2.09
1975	298,816	203,514	45,814.0	649.4	1.42
1976	337,635	221,225	59,751.7	767.7	1.28
1977	393,030	237,173	66,414.1	904.5	1.36
1978	469,952	261,092	77,908.4	1,196.8	1.54
1979	556,240	276,907	91,823.2	1,646.4	1.79
1980	684,930	292,852	12,121.4	2,829.3	
1981	786,166	311,270	133,323.0	3,809.2	2.86
1982	846,136	324,290	157,178.0	3,700.5	2.35
1983	928,548	342,878	167,300.0	3,243.1	1.94

Source: DTEC, Royal Thai Government.

TABLE 5

COLOMBO PLAN ASSISTANCE BY COUNTRY
(Thousand U.S. Dollar)

COUNTRY	1967-1971 VALUE	%	1972-1976 VALUE	%	1977-1981 VALUE	%	1982-1983 VALUE	%
Australia	11,190.4	38.6	12,139.9	37.9	24,162.2	9.7	12,185.2	7.0
Canada	1,953.6	6.7	640.4	2.0	352.5	0.1	802.7	0.5
U.K.	3,733.1	12.9	4,072.9	12.7	8,829.2	3.6	3,228.3	1.9
New Zealand	3,875.4	13.4	2,265.4	7.1	4,354.3	1.8	1,077.6	0.6
Japan	7,900.6	27.3	12,772.9	39.9	210,091.0	84.7	155,530.2	89.9
India	289.8	1.0	47.5	0.1	36.0		26.4	
Sinapore	2.2			0.2	273.7	0.1	159.0	0.1
Malaysia	31.6	0.1			9.1		24.3	
Philippines	11.2		0.6		12.3		2.7	
Korea	5.1		6.3	0.1	6.9		47.6	
Indonesia					2.1		7.7	
Colombo Plan Staff College					20.1		8.2	
TOTAL	28,993.0	100	32,009.5	100	248,149.4	100	173,099.9	100

Source: DTEC, Royal Thai Government

TABLE 6

US MILITARY ASSISTANCE TO THAILAND
($000 US Fiscal Years)

	TOTAL	LOANS	GRANTS
1950	9.7		9.7
1951	46.7		46.7
1952	31.6		31.6
1953	24.3		24.3
1954	42.5		42.5
1955	45.6		45.6
1956	45.6		45.6
1957	16.2		16.2
1958	14.3		14.3
1959	16.4		16.4
1960	40.4		40.4
1961	60.9		60.9
1962	78.4		78.4
1963	64.5		64.5
1964	36.0		36.0
1965	30.4		30.4
1966	51.6		51.6
1967	69.6		69.6
1968	89.8		89.8
1969	96.4		96.4
1970	100.0		110.0
1971	98.7		98.7
1972	122.1		122.1
1973	62.8		62.8
1974	35.4		35.4
1975	41.7	8.0	33.7
1976	65.8		65.8
1977	47.3	30.0	17.3
1978	38.6	29.5	9.1
1979	32.1	30.0	2.1
1980	37.3	36.0	1.3
1981	54.6	53.4	1.2
1982	80.7	74.7	6.0
1983	96.2	76.0	20.9
TOTAL	1,824.2	337.6	1,486.6

Source: U.S. Overseas Loans and Grants-Obligations and Loans Authorizations. A.I.D.

Note: MAP grants, credit financing, education, Transfer of excess stocks and other grants. These figures are at variance with others published and must be considered conservative.

24. Permanent subcommittee on Investigations of the Committee on Government Operations, United States Senate, "Report Regarding Matters in Vietnam and Selected Southeast Asian and Middle Eastern Countries," May 1968. The academic community often shared this view. "In Thailand, U.S. assistance is justified mainly on grounds of security. This kind of justification was appropriate, because, on the one hand, although Thailand's economic strength is relatively great, on the other hand, the Kingdom is threatened by hostile external powers brandishing the weapons of revolutionary war." (David A. Wilson, The United States and the Future of Thailand, New York: Praeger Publishers, 1970, p. 147.) See also Girling, op. cit.

25. The US/AID Program in Thailand. Summary of economic and Selected statistical Data, Bangkok: USOM/Thailand, October 1969.

26. Rey M. Hill (Director USOM), "An Overview of USAID participation in the Thailand Programs of Security and Development, 1951 to 1973," Bangkok, August 1973. (End-of-Tour Report).

27. Randolph, op. cit., pp 42-43. In 1954, the program was divided into "technical cooperation" and "defense support." In 1955-1959 period, the later was over five times the former (p.47).

28. GAO, op. cit., p.#18 and AID accounts.

29. Baldwin and Maxwell, op. cit., p 29, quoting DTEC. Randolph (pp 58-59) indicated that support to the Thai police from 1951 until 1957 was in part funnelled through Sea Supply Cooperation, a CIA conduit.

30. Ibid., p. 30.

31. See, for example, Albert O. Hirschman, Development Projects Observed, Washington, D.C.: The Brookings Institution, 1967, pp. 152-153. Randolph (p. 50) noted that from 1951-1965, $350 million was spent on highway construction by both Thailand and the United States.

32. AID has conducted two published evaluations of aspects of the ARD program, in addition to those done internally by the Mission. These are Rural Roads in Thailand (Project Impact Evaluation #13, December 1980); and the The Potable Water Project in Rural Thailand (Project Impact Evaluation #3, May 1980).

33. Jacobs, op. cit. p. 105.

34. Randolph, op. cit., p. 53, quoting U. Alexis Johnson.

35. For example, see the AID evaluation studies conducted on aspects of Korean rural development, specifically Korean Irrigation (Project Impact Evaluation #12, December 1980); Korean

Agricultural Services (Project Impact Evaluation #52, March 1984), and Korean Agricultural Research (Project Impact Evaluation #27, January 1982).

36. See Edmund Leach, "The Frontiers of Burma," Comparative Studies in Society and History, Vol. III, Number 1, October 1960. Also Benedict R. O. G. Anderson, "The Idea of Power in Javanese Culture," in Claire Holt, ed., Culture and Politics in Indonesia, Ithaca: Cornell University Press, 1972.

37. "A.I.D. Strategy for Thailand." March 2, 1963 (Confidential, subsequently declassified).

38. Randolph, op. cit., pp 208-9.

39. Permtanjit, op. cit. p. 95.

40. Operations Evaluation Staff, 1967, op. cit.

41. John F. Embree, "Thailand - A Loosely Structured Social System." American Anthropologist, 1950. See Hans-Dieter Evers, ed., Loosely Structured Social Systems: Thailand in Comperative Perspective, New Haven: Southeast Asian Studies, Yale University, Cultural Report Series 17, 1969.

42. Jacobs, op. cit. P. 166.

43. Ibid., pp. 56-57. Even the ARD program, which through its internal organization and functions was designed to assist local decision making, but one-third of its staff were in Bangkok. Only 13 percent of Thai graduates trained abroad by AID in agriculture were located in rural areas. (Randolph, op. cit., p. 222.)

44. USAID Program in Thailand, op. cit.

45. Research on this issue of "boom towns" around military bases in the Philippines has been the subject of research by Professor Felix Moos, University of Kansas, for AID.

46. Hill, op. cit.

47. Charles F. Keyes, "Government Development Assistance for Thailand's Rural Poor: A Social Impact Assessment of the Provincial Development Program," AID, August 1979, pp. 49-50.

48. Anderson, op. cit.

49. See, for example, William J. Siffin, The Thai Bureaucracy. Institutional Change and Development, Honolulu: East-West Center Press, 1966; Fred W. Riggs, Thailand. The Modernization of a Bureaucratic Policy, Honolulu: East-West Center Press, 1966; and James N. Mosel, "Thai Administrative Behavior," in William J. Siffin, ed, Toward the Comparative Study of Public Administration, Bloomington: Indiana University Press, 1957.

50. Hill, op. cit.

51. Girling, op. cit., pp. 96, 97. Randolph (p. 460) indicates that from 1950 to 1975, 14,755 Thai military were trained abroad, of whom 10,276 were trained in the United States.

52. Caldwell, op. cit.

53. Frank C. Darling, Thailand and the United States, Washington, D.C.: Public Affairs Press, 1965, p. 222.

54. Riggs, op. cit., p. 389.

55. IBRD, in Riggs, op. cit., p. 390.

56. Boonsanong Puayodyana, "Differential Assimilation in Thailand."

57. Permtanjit, op. cit., pp. 14-15.

58. Ibid, p. 108 and 116.

59. Jacobs, op. cit., p. 157.

60. For this point, see Brian L. Foster, Commerce and Ethnic Differences: The Case of the Mon's in Thailand, Athens, Ohio: Ohio University Center for International Studies, Southeast Asia Program Papers on Thailand Studies, Southeast Asia Series No. 59, 1982.

61. See Riggs, Siffin, Mosel, op. cit.

62. See Mosel, op. cit.

63. Operations Evaluation Staff, op. cit.

64. Thompson, op. cit., pp. 29 and 18-19.

65. Saeng Sanguanruang, Development Planning in Thailand: The Role of the University, Singapore: RIHED, 1973, p. 94.

66. Thailand - An Economy in Transition, op. cit.

67. Randolph, (p. 221) argued that ARD succeeded in altering the distribution of Thai Government expeditures. In 1962, 36 percent of the Thai Government budget went to Bangkok and the Central Plain, and 28 percent to the Northeast.

In 1974 the figures were 30 percent and 36 percent respectively, but ARD was only 2 percent of the government budget. Thus ARD was instrumental in shifting other central government expediture patterns.